

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF CANNONSBURG WATER DISTRICT) CASE NO. 9240

O R D E R

On December 14, 1984, Cannonsburg Water District ("Cannonsburg") filed its application with the Public Service Commission ("Commission") requesting approval of its purchased water adjustment clause and authority to adjust its rates in accordance with that clause. On January 8, 1985, the Commission requested that additional information be filed. This information was filed on January 11, 1985, and the record is now complete.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

(1) The purchased water adjustment clause filed by Cannonsburg is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, is in the best interests of Cannonsburg and its customers and should be approved.

(2) By letter dated November 8, 1984, Cannonsburg was notified by its supplier, City of Ashland ("City"), that the rate for purchased water would be increased from \$.58 to \$1.05 per 1,000 gallons, effective January 1, 1985.

(3) The statements of water purchased and sold during the 12-month period ending October 4, 1984, filed by Cannonsburg show that its water loss is approximately 1.8 percent which is less than the maximum of 15 percent allowed by the Commission.

(4) The calculations made by Cannonsburg are correct and show that the total allowable increase in purchased water costs is \$122,720, resulting in a purchased water adjustment of \$.47 per 1,000 gallons.

(5) The financial information filed by Cannonsburg indicates that it cannot absorb an increase of this magnitude in its purchased water costs.

(6) The rates proposed by Cannonsburg are unfair, unjust and unreasonable in that the purchased water adjustment was not properly applied, resulting in varying increases to its rate schedules rather than an equal per 1,000 gallon adjustment as required by 807 KAR 5:067, Section 2(3). The proposed rates should, therefore, be denied.

(7) The purchased water adjustment of \$.47 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that the purchased water adjustment clause proposed by Cannonsburg be and it hereby is approved for services rendered on and after the date of this Order.

IT IS FURTHER ORDERED that the rates proposed by Cannonsburg be and they hereby are denied.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.47 per 1,000 gallons and the rates in Appendix A be and they hereby are approved for services rendered on and after the date of this Order.

IT IS FURTHER ORDERED that for purposes of future application of the purchased water adjustment clause of Cannonsburg, the base rate for purchased water shall be:

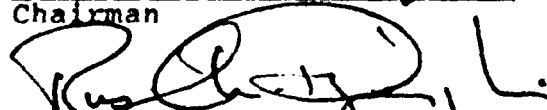
| <u>Supplier</u> | <u>Rate</u> |
|-----------------|--------------------------|
| City of Ashland | \$1.05 per 1,000 gallons |

IT IS FURTHER ORDERED that, within 30 days of the date of this Order, Cannonsburg shall file with the Commission its revised tariff sheets setting out the purchased water adjustment clause and the rates approved herein.

Done at Frankfort, Kentucky, 12th day of February, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 9240 DATED 2/12/85

The following rates are prescribed for customers of Cannonsburg Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

USAGE BLOCK

MONTHLY RATE

5/8-Inch Meter

| | | |
|-------|-----------------|------------------------|
| First | 2,000 gallons | \$ 9.59 Minimum |
| Next | 3,000 gallons | 2.37 per 1,000 gallons |
| Next | 15,000 gallons | 1.97 per 1,000 gallons |
| Next | 30,000 gallons | 1.72 per 1,000 gallons |
| Next | 50,000 gallons | 1.62 per 1,000 gallons |
| Over | 100,000 gallons | 1.52 per 1,000 gallons |

1-Inch and 1 1/2-Inch Meters

| | | |
|-------|-----------------|------------------------|
| First | 5,000 gallons | \$ 16.70 Minimum |
| Next | 15,000 gallons | 1.97 per 1,000 gallons |
| Next | 30,000 gallons | 1.72 per 1,000 gallons |
| Next | 50,000 gallons | 1.62 per 1,000 gallons |
| Over | 100,000 gallons | 1.52 per 1,000 gallons |

2-Inch and 3-Inch Meters

| | | |
|-------|-----------------|------------------------|
| First | 20,000 gallons | \$ 46.25 Minimum |
| Next | 30,000 gallons | 1.72 per 1,000 gallons |
| Next | 50,000 gallons | 1.62 per 1,000 gallons |
| Over | 100,000 gallons | 1.52 per 1,000 gallons |

6-Inch Meter

First 50,000 gallons
Next 50,000 gallons
Over 100,000 gallons

\$ 97.85 Minimum
1.62 per 1,000 gallons
1.52 per 1,000 gallons

12-Inch Meter

First 100,000 gallons
Over 100,000 gallons

\$178.85 Minimum
1.52 per 1,000 gallons